

Arizona Public School Credit Enhancement Eligibility Board

June 21, 2018

1 OFFICE OF THE GOVERNOR



Acknowledgment of December 7, 2017 Minutes



Agenda Item III

Staff Reports

3 OFFICE OF THE GOVERNOR



Credit Enhancement Program Dashboard



Agenda Item III(a)

ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT PROGRAM | DASHBOARD | JUNE 21, 2018

App #	Applicant	Date Approved	Approved Amount	Adjustment to Approved Amount	Revised Approved Amount	Guaranteed Amount Issued	Date Issued	Description
1	Agribusiness and Equine Center	4/25/2017	16,968,531	(16,968,531)	-	-	-	CANCELLED
2	Academy of Math and Sciences	4/25/2017	24,808,821	-	-	23,465,000	7/6/2017	Series 2017A
3	GreatHearts Academies	6/1/2017	35,970,811	-	-	34,240,000	7/13/2017	Series 2017A & Series 2017B
4	Basis Schools, Inc.	8/3/2017	53,344,683	(49,514,683)	3,830,000	3,830,000	10/17/2017	Series 2017C
5	American Leadership Academy	10/18/2017	14,000,000	(14,000,000)	-	-	-	CANCELLED
6	GreatHearts Academies	10/18/2017	19,500,000	-	-	19,500,000	11/22/2017	Series 2017C & Series 2017D
7	Agribusiness and Equine Center	10/18/2017	17,000,000	(11,880,000)	5,120,000	5,120,000	12/14/2017	Series 2017A
8	Basis Schools, Inc.	11/2/2017	35,000,000	(2,605,000)	32,395,000	31,750,000	12/21/2017	Series 2017F
9	Academy of Math and Sciences	12/7/2017	25,300,000	(435,000)	24,865,000	24,865,000	1/24/2018	Series 2018A
			241,892,846	(95,403,214)	66,210,000	142,770,000		

Total Enhancement Capacity¹ 350,000,000

1	Agribusiness and Equine Center	-	350,000,000
2	Academy of Math and Sciences	23,465,000	326,535,000
3	GreatHearts Academies	34,240,000	292,295,000
4	Basis Schools, Inc.	3,830,000	288,465,000
5	American Leadership Academy	-	288,465,000
6	GreatHearts Academies	19,500,000	268,965,000
7	Agribusiness and Equine Center	5,120,000	263,845,000
8	Basis Schools, Inc.	31,750,000	232,095,000
9	Academy of Math and Sciences	24,865,000	207,230,000

Remaining Enhancement Capacity 207,230,000

Number of Borrowers: 5 142,770,000 41%

¹ - The fund currently has \$104,879,105 but can enhance 3.5x the fund balance.

Program Participation Fees	2018	2019
Academy of Math and Sciences	28,516	58,319
GreatHearts Academies	39,947	85,188
Basis Schools, Inc.	1,968	9,575
GreatHearts Academies	5,281	48,750
Agribusiness and Equine Center	2,738	12,800
Basis Schools, Inc.	0	81,580
Academy of Math and Sciences	0	58,129
Total:	78,450	354,340



Program Participation Fees

A.R.S. § 15-2155 requires that each charter school approved by the Board for guaranteed financing pay an annual program participation fee of at least 0.25% of the outstanding principal amount of the guaranteed financing as long as the guaranteed financing is outstanding. The Board is permitted under statute to set the fee for any school districts that participate in the program.

To date, the Board has assigned a 0.25% program participation fee to all approved guaranteed financings. The Terms and Conditions for each guaranteed financing require that the fees be paid on each interest payment date for the corresponding guaranteed financing.

In FY 2018, the program collected \$78,450 in participation fees and \$354,340 are scheduled to be paid on outstanding guaranteed financings in FY 2019, including \$170,296 that will be paid on July 1, 2018.

FY	All Guaranteed Financings	FC1 AMS 2017 A	FC2 Great Hearts 2017A + 2017B	FC3 BASIS	FC4 Great Hearts	FC5 AAEC	FC6 BASIS	FC7 AMS
2018	78,450	28,516	39,947	1,968	5,281	2,738	0	0
2019	354,340	58,319	85,188	9,575	48,750	12,800	81,580	58,129
2020	354,413	57,606	84,381	9,575	48,750	12,800	79,375	61,925
2021	351,388	56,856	83,300	9,575	48,306	12,563	79,375	61,413
2022	346,625	56,075	81,906	9,506	47,406	12,325	78,813	60,594
2023	341,025	55,256	80,463	9,363	46,475	12,075	77,656	59,738
2024	335,169	54,400	78,950	9,213	45,506	11,813	76,450	58,838
2025	329,075	53,500	77,375	9,056	44,494	11,550	75,200	57,900
2026	322,719	52,550	75,731	8,894	43,438	11,275	73,900	56,931
2027	316,056	51,550	74,000	8,725	42,331	10,988	72,544	55,919
2028	309,081	50,500	72,181	8,550	41,169	10,688	71,138	54,856
2029	301,788	49,400	70,269	8,369	39,950	10,375	69,681	53,744
2030	294,144	48,244	68,256	8,175	38,675	10,050	68,156	52,588
2031	286,169	47,031	66,144	7,975	37,356	9,713	66,563	51,388
2032	277,863	45,769	63,938	7,769	36,000	9,363	64,900	50,125
2033	269,244	44,444	61,663	7,550	34,600	9,013	63,169	48,806
2034	260,275	43,044	59,319	7,325	33,150	8,638	61,363	47,438
2035	250,913	41,575	56,875	7,094	31,638	8,250	59,469	46,013
2036	241,075	40,038	54,306	6,850	30,050	7,838	57,481	44,513
2037	230,713	38,419	51,600	6,594	28,381	7,400	55,394	42,925
2038	219,800	36,713	48,750	6,325	26,625	6,938	53,194	41,256
2039	208,325	34,925	45,750	6,044	24,775	6,450	50,888	39,494
2040	196,306	33,050	42,619	5,750	22,844	5,938	48,469	37,638
2041	183,725	31,081	39,369	5,444	20,844	5,400	45,906	35,681
2042	170,556	29,013	35,994	5,119	18,769	4,838	43,206	33,619
2043	156,781	26,838	32,488	4,775	16,619	4,250	40,369	31,444
2044	142,356	24,556	28,844	4,419	14,394	3,625	37,381	29,138
2045	127,256	22,156	25,063	4,044	12,069	2,975	34,238	26,713
2046	111,413	19,638	21,125	3,650	9,619	2,288	30,931	24,163
2047	94,775	17,000	17,019	3,238	7,038	1,563	27,456	21,463
2048	77,313	14,238	12,744	2,800	4,319	800	23,800	18,613
2049	60,300	11,338	9,613	2,338	1,463	0	19,944	15,606
2050	46,131	8,288	7,663	1,856	0	0	15,888	12,438
2051	32,781	5,088	5,613	1,356	0	0	11,625	9,100
2052	18,725	1,725	3,456	831	0	0	7,131	5,581
2053	5,756	0	1,175	281	0	0	2,413	1,888
2054	0	0	0	0	0	0	0	0
2055	0	0	0	0	0	0	0	0
2056	0	0	0	0	0	0	0	0
2057	0	0	0	0	0	0	0	0

Program Participation Fees



Program Funding Obligation to the State Treasurer

On February 2, 2017, the Board authorized a Program Funding Obligation payment to the State Treasurer not to exceed \$80 million. Each year that the Program Funding Obligation is outstanding, the Board is required to make a debt service payment to the State Treasurer on July 1st.

The amount of the payment is the total of the actual investment earnings on the \$80 million and 1% of the average daily balance of what is known as the Dedicated Amount, which is determined through a calculation that considers the balance of the initial deposit from the state appropriation for the program and the amount of guaranteed financings outstanding throughout the year.

The payment on July 1, 2018 will be \$101,522.62 plus the actual earnings on the \$80 million.

The payment on July 1, 2019 will be about \$202,200 plus the actual earnings on the \$80 million if no additional guaranteed financings are issued in FY 2019.

As additional guaranteed financings are approved, the amount of fees collected and annual payment on the Program Funding Obligation will increase.

NOTE: The payment on July 1, 2018 to the Arizona Office of the Treasurer of \$101,522.62 will come from the interest earnings on the \$20 million state funds sub-account as well as the actual earnings the Treasurer earned on the \$80 million and both amounts will be credited as GF earnings for FY18. Please note this will be an annual exercise until the maturity of the PFO in the year 2056.

Agenda Item III(c)

Program Funding Obligation to the Treasurer

(pursuant to ARS 15-2157)

Date	Change in Aggregate Principal Amount of Guaranteed Financings Outstanding	Aggregate Principal Amount of Guaranteed Financings Outstanding	PFO amount divided by 3.5 Days obligated for year						Reduced by % of 365 days
			Amount of Principal allocated to PFO	PFO amount divided by 3.5 leverage	Days obligated for year	% of 365 days	Column E at 1%		
				3.5		365			
7/1/2017	0	0	0	0	0	0	0	0	0
7/6/2017	23,465,000	23,465,000	0	0	0	0	0	0	0
7/13/2017	32,240,000	55,705,000	0	0	0	0	0	0	0
9/30/2017	0	55,705,000	0	0	0	0	0	0	0
10/17/2017	3,830,000	59,535,000	0	0	0	0	0	0	0
11/22/2017	19,500,000	79,035,000	9,035,000	2,581,429	220	0.6027	25,814	15,559	
12/14/2017	5,120,000	84,155,000	5,120,000	1,462,857	198	0.5425	14,629	7,935	
12/21/2017	31,750,000	115,905,000	31,750,000	9,071,429	191	0.5233	90,714	47,470	
12/31/2017	0	115,905,000	0	0	0	0.0000	0	0	
1/24/2018	24,865,000	140,770,000	24,865,000	7,104,286	157	0.4301	71,043	30,558	
3/31/2018	0	140,770,000	0	0	0	0	0	101,523	
7/1/2018	0	140,770,000	70,770,000	20,220,000	0	0.4197	202,200	84,869	

		Max of 3.5	
GF	20,000,000	70,000,000	
PFO	80,000,000	280,000,000	

Net Due: 101,523



Quarterly Report Update

A.R.S. § 15-2158 requires the Arizona School Facilities Board staff to submit, within 30 days after the last day of each calendar quarter, a quarterly report on the implementation of the Arizona Public School Credit Enhancement Program.

Included in this report are:

- The name of the public school or charter by or on behalf of which the debt obligation was issued.
- The date of the issuance.
- The original amount of the issuance.
- The interest rate of the issuance.
- The term length of the issuance.
- The credit rating of the issuance.
- The amount of principal and interest due on the debt obligation in the current fiscal year.
- The purpose for which the debt obligation was issued, separately delineated for obligations to construct new capital facilities, renovate existing capital facilities or refinance existing debt obligations.
- The current outstanding principal of the debt obligation.
- A listing of all guaranteed financings subject to section 15-2156 in the prior quarter, including the amounts disbursed for payment of principal and interest for the financings and the terms and conditions to which the school is subject.
- The current balance of the Arizona Public School Credit Enhancement Fund.
- The current program leverage ratio.



Agenda Item III(d)

Quarterly Report Update

Arizona Public School Credit Enhancement Program Quarterly Report - 12/31/2017

Guaranteed Financings Outstanding or Approved

Applicant/Borrower	Date Approved	Approved Amount	Date Issued	Description	Guaranteed Amount Issued	Maturity Dates	Interest Rates	Underlying Credit Rating	Enhanced Credit Rating	Principal and Interest Due in FY 2018	Use of Proceeds	Principal Outstanding
Academy of Math and Science	4/25/2017	\$24,808,821	7/6/2017	Series 2017A	\$23,465,000	2018 - 2052	4% - 5%	BB	AA-	\$565,250	New construction and refinancing	\$23,465,000
Great Hearts	6/1/2017	\$35,970,811	7/13/2017	Series 2017A and Series 2017B	\$34,240,000	2018 - 2052	2% - 5%	BBB-	AA-	\$672,893	New construction and refinancing	\$34,240,000
BASIS ¹	8/3/2017	\$53,344,683	10/17/2017	Series 2017C	\$3,830,000	2021 - 2052	4% - 5%	BB	AA-	\$34,461	New construction	\$3,830,000
American Leadership Academy ²	10/18/2017	\$14,000,000	-	-	-	-	-	-	-	-	-	-
Arizona Agribusiness and Equine Center	10/18/2017	\$17,000,000	12/14/2017	Series 2017A	\$5,120,000	2020 - 2048	3% - 5%	BB+	AA-	\$49,648	New construction	\$5,120,000
Great Hearts	10/18/2017	\$19,500,000	11/22/2017	Series 2017C and Series 2017D	\$19,500,000	2020 - 2048	3% - 5%	BBB-	AA-	\$90,257	Acquisition and new construction	\$19,500,000
BASIS	11/2/2017	\$35,000,000	12/21/2017	Series 2017F	\$31,750,000	2021 - 2052	4% - 5%	BB	AA-	\$0	New construction	\$31,750,000
Academy of Math and Science ³	12/7/2017	\$25,300,000	-	-	-	-	-	-	-	-	-	-
Total					\$117,905,000							\$117,905,000

¹Unissued balance of this approval was voided by the Credit Enhancement Eligibility Board on 10/17/2017

²Request for enhancement was withdrawn by the applicant on 12/5/2017

³Financing had been approved, but not yet issued as of 12/31/2017. The applicant issued \$24.9 million of guaranteed bonds on 1/24/2018.

Fund Balance and Statutory Ratios

Total Principal Amount of Outstanding Guaranteed Financings	Enhancement Fund Balance	Leverage Ratio (maximum 3.5:1)	Total Principal with Underlying Rating Lower Than BB-	% of Guaranteed Principal with Underlying Rating Lower Than BB-
\$117,905,000	\$104,879,105	1.12	\$0	0%

As of 12/31/2017, there are no guaranteed financings for which the program has been required to disburse funds to pay principal and interest.

Quarterly Report – Q4 2017



Agenda Item III(d)

Quarterly Report Update

Arizona Public School Credit Enhancement Program Quarterly Report - 3/31/2018

Guaranteed Financings Outstanding or Approved

Applicant/Borrower	Date Approved	Approved Amount	Date Issued	Description	Guaranteed Amount Issued	Maturity Dates	Interest Rates	Underlying Credit Rating	Enhanced Credit Rating	Principal and Interest Due in FY 2018	Use of Proceeds	Principal Outstanding
Academy of Math and Science	4/25/2017	\$24,808,821	7/6/2017	Series 2017A	\$23,465,000	2018 - 2052	4% - 5%	BB	AA-	\$565,250	New construction and refinancing	\$23,465,000
Great Hearts	6/1/2017	\$35,970,811	7/13/2017	Series 2017A and Series 2017B	\$34,240,000	2018 - 2052	2% - 5%	BBB-	AA-	\$672,893	New construction and refinancing	\$34,240,000
BASIS ¹	8/3/2017	\$53,344,683	10/17/2017	Series 2017C	\$3,830,000	2021 - 2052	4% - 5%	BB	AA-	\$34,461	New construction	\$3,830,000
American Leadership Academy ²	10/18/2017	\$14,000,000	-	-	-	-	-	-	-	-	-	-
Arizona Agribusiness and Equine Center	10/18/2017	\$17,000,000	12/14/2017	Series 2017A	\$5,120,000	2020 - 2048	3% - 5%	BB+	AA-	\$49,648	New construction	\$5,120,000
Great Hearts	10/18/2017	\$19,500,000	11/22/2017	Series 2017C and Series 2017D	\$19,500,000	2020 - 2048	3% - 5%	BBB-	AA-	\$90,257	Acquisition and new construction	\$19,500,000
BASIS	11/2/2017	\$35,000,000	12/21/2017	Series 2017F	\$31,750,000	2021 - 2052	4% - 5%	BB	AA-	\$0	New construction	\$31,750,000
Academy of Math and Science	12/7/2017	\$25,300,000	1/24/2018	Series 2018A	\$24,865,000	2018 - 2052	3% - 5%	BB	AA-	\$0	New construction and refinancing	\$24,865,000
Total					\$142,770,000							\$142,770,000

¹Unissued balance of this approval was voided by the Credit Enhancement Eligibility Board on 10/17/2017

²Request for enhancement was withdrawn by the applicant on 12/5/2017

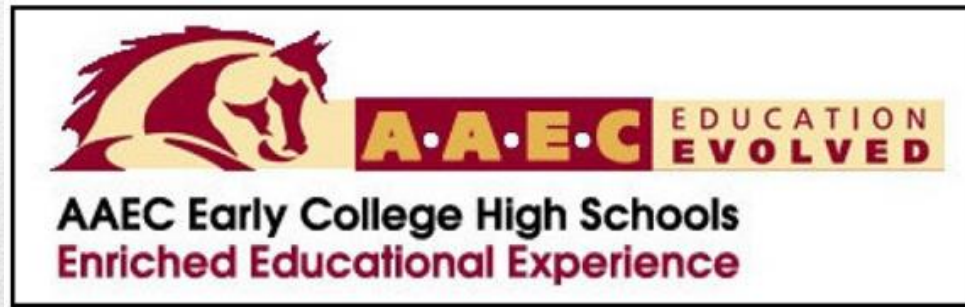
Fund Balance and Statutory Ratios

Total Principal Amount of Outstanding Guaranteed Financings	Enhancement Fund Balance	Leverage Ratio (maximum 3.5:1)	Total Principal with Underlying Rating Lower Than BB-	% of Guaranteed Principal with Underlying Rating Lower Than BB-
\$142,770,000	\$105,334,052	1.36	\$0	0%

As of 3/31/2018, there are no guaranteed financings for which the program has been required to disburse funds to pay principal and interest.

Quarterly Report – Q1 2018





Arizona Agribusiness & Equine Center Closing Update

Arizona Agribusiness & Equine Center, Inc.

- On October 18th, 2017 the Board approved for the Arizona Agribusiness & Equine Center, Inc. an enhancement amount not to exceed **\$17,000,000** to establish a new campus in Mesa and to expand the Estrella Mountain campus in Avondale.
 - AAEC Mesa campus awarded: **\$7,500,000**
 - Estrella Mountain campus awarded: **\$9,400,000**
- The bonds for the Mesa Campus have been priced for a **\$5,120,000** issuance. They have determined that they will not need the original amount of **\$7,500,000**, and **\$2,380,000** will be returned.
- AAEC Estrella has decided not to move forward on the establishment and withdrew their application.



BASIS Schools, Inc. Closing Update

BASIS Schools, Inc.

- On August 3, 2017, the Board approved for BASIS Schools, Inc. an enhancement amount not to exceed **\$53,344,683** in credit enhancement projects.
- On October 17, 2017, **\$3,830,000** in Series 2017c revenue bonds were issued. This issuance represents partial financing of the Flagstaff Campus.
- On November 2, 2017, the Board revised its original enhancement amount not to exceed **\$38,185,000**.
- On December 21, 2017, Series 2017F bonds were issued at **\$31,750,000**.

Agenda Item III(g)



ACADEMY OF
MATH & SCIENCE



Academy of Math and Science Closing Update

Academy of Math and Science Closing Update

- On December 7, 2017, the Board approved for the Academy of Math and Science South, Inc. an enhancement amount not to exceed **\$25,300,000** to expand the Desert Sky Phoenix Campus and to refinance existing debt at the Flower Campus.
 - Desert Sky Phoenix Campus awarded: **\$18,000,000**
 - Flower Campus awarded: **\$7,300,000**
- On January 24, 2018, Series 2018A AMS Bonds were issued for **\$24,865,000**.

Board Discussion and Possible Action



Proposed Amendments to Program Rules

- The Board approved the first set of program rules on February 7, 2017. Since then, the Board has reviewed nine (9) applications and approved seven (7) guaranteed financings, totaling \$142.8 million. Through these applications, and subsequent project approvals, staff in consultation with Kutak Rock, the Board's counsel, has identified the need to update rules to reflect unanticipated issues and situations.
- During the August 2017 meeting, the Board voted to allow staff to draft proposed amendments to the rules for the Board's consideration. At that time, staff launched a public comment portal for rules that was available (and continues to be available) for 60 days. No comments were submitted. By late December 2017, ten (10) substantive changes and other additional technical, or clean-up, amendments were prepared. Today's meeting is the first opportunity to present these proposed amendments to the Board for their consideration.

Selection of Financial Advisor

As approved by the Board in the October 2017 meeting, staff initiated the process to identify potential financial advisors for the Arizona Public School Credit Enhancement Program. Staff developed the following scope of work:

- One-time review of the current state of the program, including summary of the enhancement fund's current exposure, remaining enhancement capacity, statutory ratios, and diversification of participating financings.
 - Recommendations for maintenance of the program's current credit rating.
 - Review of program policies and procedures to identify any opportunities to strengthen the program's credit quality without significantly changing the benefit to participants.
 - EXCLUDED: opinions or statements about the credit worthiness of current or prospective program participants.

Selection of Financial Advisor

As approved by the Board in the October 2017 meeting, staff initiated the process to identify potential financial advisors for the Arizona Public School Credit Enhancement Program. Staff developed the following scope of work:

- An hourly rate or similar fee structure to provide on-demand guidance in the future, which could include:
 - Analyzing proposed changes to program policies and procedures.
 - Responding to specific questions about municipal finance and the bond issuance process.
 - Evaluating the potential impact of developments in the municipal market that could affect the program.

Selection of Financial Advisor

Two firms have provided proposals and cost estimates to serve as financial advisor: **Stifel Nicolaus & Company, Inc.** and **PFM Financial Advisors LLC**. Both firms are on state contract to provide the services.

In summary, **Stifel, Nicolas & Company, Inc.** has proposed a fee of \$20,000 for the one-time review of the program and hourly rates of \$100 to \$250 for additional work completed by the firm's associates, director, and managing director. **PFM Financial Advisors, LLC** has proposed an hourly fee structure, not to exceed \$60,000, for the one-time review and hourly rates of \$250 to \$400 per hour for additional work completed by various professionals ranging from associates to managing directors.

Interagency Service Agreement with School Facilities Board

On May 10, 2016, Governor Ducey signed the enabling legislation for the Arizona Public School Credit Enhancement Program (Program). The enabling legislation authorized the Arizona School Facilities Board to administer the Program. Through an interagency service agreement (ISA), the administrative function of the Program was contracted to the Governor's Office of Education. Additionally, a one-time \$500,000 was continuously appropriated from the state General Fund to cover the costs of implementing and maintaining the Program.

Since the inception of the program, \$240,078.50 has been expended:

- Kutak Rock - \$222,536.50 (legal services)
- Sacks Tierney PA - \$4,750 (legal services)
- RBC Capital Markets - \$32,635 (financial advisor)



Interagency Service Agreement with School Facilities Board

The original ISA with the SFB was approved in February 2017 and extended to June 2017. Amendment #1 was approved in June 2017 and extended the ISA until June 30, 2018. Amendment #2 is subject to the Board's approval in June 2018 and extends the ISA until June 30, 2022.

NOTE: Amendment #2 extends until June 30, 2022, which is the SFB's sunset date (as passed in the 2018 Legislative Session).

Contract Renewal with Kutak Rock

Since the inception of the Arizona Public School Credit Enhancement Program, Kutak Rock LLP has been counsel to the Arizona Public School Credit Enhancement Eligibility Board. In addition to legal counsel, Kutak Rock has assisted in developing rules, regulations, policies and procedures and other forms and documents for the Program. The firm has also reviewed and negotiated transaction documents to be executed by the Board related to guaranteed financings and prepared and executed offering documents, certificates and obtained the necessary approvals from appropriate agencies for the Board's business.

Kutak Rock's contract with the Board expired as of May 31, 2018. A one-month extension was granted to allow for the contract renewal to be placed on the Board's June meeting agenda.

Review and Action of Application #10 Vista College Preparatory



Vista College Preparatory

\$12 million proposed financing.

\$6.7 million is new debt and **\$5.3 million** to refinance loans on existing facilities.

Total Request

Vista College Preparatory

- **\$6.7 million** in new debt to fund the construction of 35,000 square feet of additional space that will be adjacent to the existing 8,432 square foot facility at the VCP Maryvale campus.
- **\$5.3 million** to refinance debt related to the VCP Hadley campus. VCP estimates that the refinancing will save about **\$1 million** over the life of the financing, or about **\$33,000** per year

Impact of Proposed Financing



Vista College Preparatory

- VCP meets the Board criteria for conditional approval for credit enhancement.
- VCP has not previously been assigned an underlying credit rating and the underlying credit rating on the proposed financing could be B+ or lower.
- Based on S&P's rating medians for charter schools, VCP has healthy operating margins and cash reserves that are in line with higher-rated charter schools.

Eligibility for Credit Enhancement



Vista College Preparatory

If approved as submitted, **3.4%** of the program's total capacity will be used to enhance this financing.

Impact on Credit Enhancement Program



Vista College Preparatory

The Board has the following two options regarding VCP's application as an Achievement District School:

1. Approval as an Achievement District School (Staff recommendation).
2. Denial of the application to qualify as an Achievement District School.

Recommendation



Vista College Preparatory

The following three options are available for the Board to consider regarding VCP's application to the Public School Credit Enhancement Program:

1. Approval of credit enhancement for the full amount of the proposed financing of \$12 million.
2. Approval of credit enhancement for an amount that is less than the full amount of the proposed financing.
3. Denial of credit enhancement for any portion of the proposed financing.

Recommendation





Arizona Credit Enhancement Board Meeting

June 21, 2018

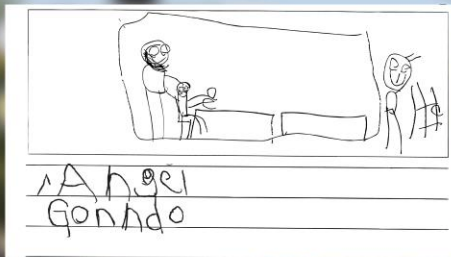


VISTA
COLLEGE
PREPARATORY

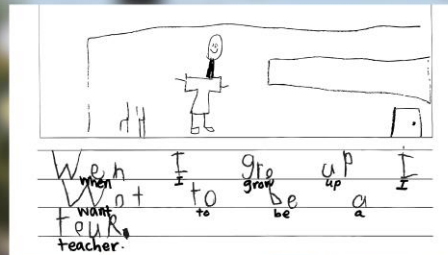
We believe...

- Demographics do not determine destiny.
- College preparation begins in kindergarten.
- Character education can and must be taught.

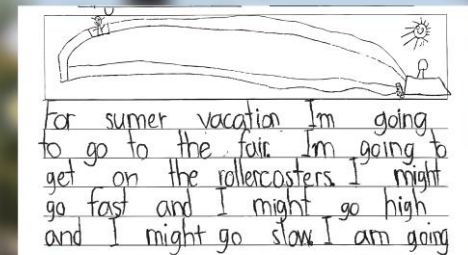
BEGINNING OF THE YEAR



MIDDLE OF THE YEAR



END OF THE YEAR



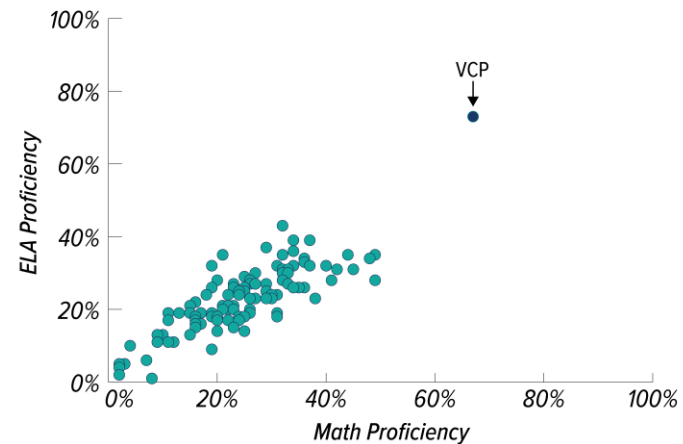
About Vista College Prep

- Founded in 2013 as non-profit 501(c) 3.
- Operates college preparatory K-8 schools specifically designed to meet needs of low-income students.
- Will operate 3 schools during 2018-19 year.
- Over 92% of students qualify for FRPL and over 95% are minorities.
- Among schools serving >90% students FRPL, VCP students had highest literacy scores on AzMERIT in Arizona.
- Nominated to be National Blue Ribbon school.



AN OUTLIER IN PHOENIX

Among schools in Phoenix with over 90% of students qualifying for Free and Reduced Priced Lunch, Vista College Prep had the highest scores in both literacy and math.



Theory of Action: Drivers of Impact

Current Situation

- Only 34% of Arizona 8th graders are proficient in reading.
- Only 46.5% of Arizona's public high school graduates are eligible for admission to the state's public universities.
- Poverty is predictive of the level of education that students will achieve.

1. Within the next 3 years, open 3 additional campuses
2. Continue Exceptional Academic Results
3. Develop Exceptional Middle School

Intended Impact

- VCP will serve nearly 2,500 students at capacity, across 5 schools.
- 90% of VCP students will end each year at or above grade level in core content areas.
- At least 90% of VCP students qualify for FRPL (currently at 97%).



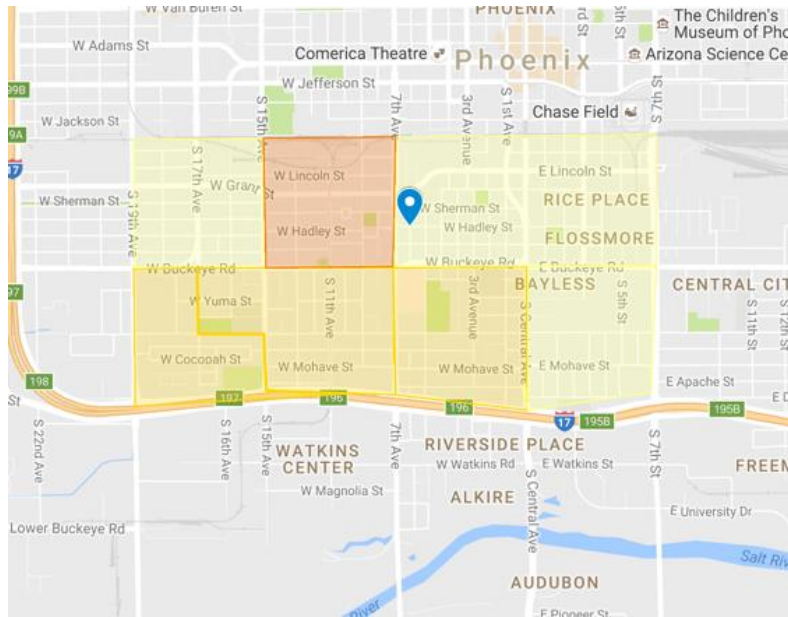
Maryvale Academic Proficiency

2016-17 AzMERIT Percentiles (Grade 3)

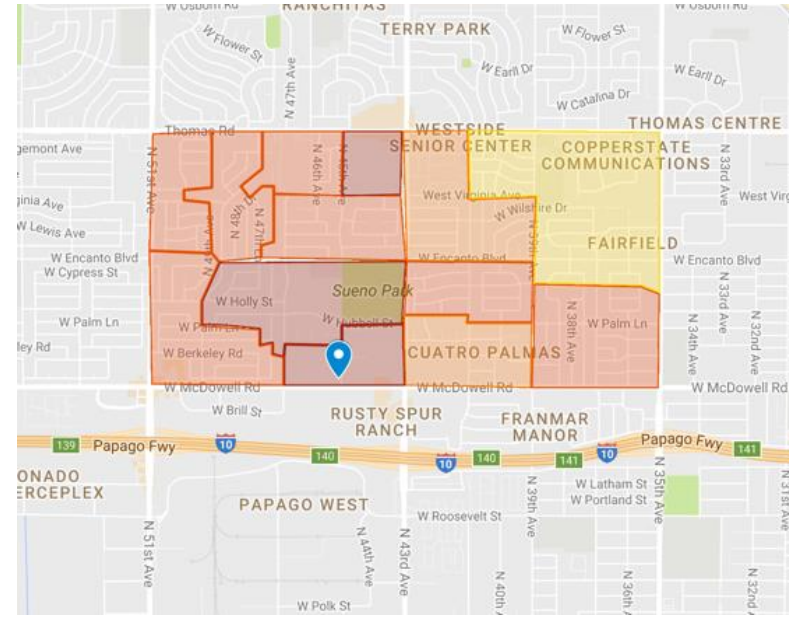


Maryvale Population Density

VCP-Hadley



VCP-Maryvale



Households with minors/mi²



VISTA
COLLEGE
PREPARATORY

Financing Request to AZ CEB

- 1. Added Seats.** New facility adds 22 classrooms, including dedicated arts and science rooms, conference rooms, pull-out spaces, a library, and a gymnasium, increasing VCP-Maryvale's capacity by 440 students.
- 2. Foundation for Future Growth.** Refinances existing Hadley and Maryvale debt, building strong financial foundation that facilitates slow-growth model and addition of future schools/campuses.

Impact on Arizona

- **Increased Capacity.** Increases number of seats available at one of Arizona's highest performing schools serving low-income students by increasing capacity at Maryvale campus by 440 seats.
- **Strong Financial Foundation.** Creates strong financial foundation for VCP's continued growth - more schools, more seats, more students prepared for high school and college.
- **Aligned to Achieve60AZ.** For Arizona to be economically competitive in the 21st Century, our schools must prepare students to enter a highly competitive, highly skilled workforce.

Public Comment



Adjourn

